

SENATE BILL 709

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Q3

2004 Regular Session
4r2932
CF HB 791

By: **Senator Brochin**

Introduced and read first time: February 6, 2004

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax - Subtraction Modification for Teachers' Retirement Income**

3 FOR the purpose of providing a subtraction modification under the State income tax
4 for certain retirement income received by an individual that is attributable to
5 certain employment as a public school teacher in the State; providing that
6 retirement income that is included in a certain subtraction may not be taken
7 into account for purposes of a certain subtraction modification allowed under
8 the income tax for certain individuals who are at least a certain age or who are
9 disabled or have disabled spouses; providing for the application of this Act; and
10 generally relating to an income tax subtraction modification for certain
11 retirement income received by an individual that is attributable to certain
12 employment as a public school teacher in the State.

13 BY repealing and reenacting, without amendments,
14 Article - Tax - General
15 Section 10-207(a)
16 Annotated Code of Maryland
17 (1997 Replacement Volume and 2003 Supplement)

18 BY adding to
19 Article - Tax - General
20 Section 10-207(w)
21 Annotated Code of Maryland
22 (1997 Replacement Volume and 2003 Supplement)

23 BY repealing and reenacting, with amendments,
24 Article - Tax - General
25 Section 10-209
26 Annotated Code of Maryland
27 (1997 Replacement Volume and 2003 Supplement)

28 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
29 MARYLAND, That the Laws of Maryland read as follows:

1 **Article - Tax - General**

2 10-207.

3 (a) To the extent included in federal adjusted gross income, the amounts under
4 this section are subtracted from the federal adjusted gross income of a resident to
5 determine Maryland adjusted gross income.

6 (W) THE SUBTRACTION UNDER SUBSECTION (A) OF THIS SECTION INCLUDES
7 THE FIRST \$5,000 OF RETIREMENT INCOME RECEIVED BY AN INDIVIDUAL DURING
8 THE TAXABLE YEAR THAT IS ATTRIBUTABLE TO THE INDIVIDUAL'S EMPLOYMENT IN
9 THE STATE AS A CERTIFICATED TEACHER IN THE PUBLIC ELEMENTARY OR
10 SECONDARY SCHOOLS OF THE STATE.

11 10-209.

12 (a) In this section:

13 (1) "employee retirement system" means a plan:

14 (i) established and maintained by an employer for the benefit of its
15 employees; and16 (ii) qualified under § 401(a), § 403, or § 457(b) of the Internal
17 Revenue Code; and

18 (2) "employee retirement system" does not include:

19 (i) an individual retirement account or annuity under § 408 of the
20 Internal Revenue Code;21 (ii) a Roth individual retirement account under § 408A of the
22 Internal Revenue Code;

23 (iii) a rollover individual retirement account;

24 (iv) a simplified employee pension under Internal Revenue Code §
25 408(k); or26 (v) an ineligible deferred compensation plan under § 457(f) of the
27 Internal Revenue Code.

28 (b) [To] SUBJECT TO SUBSECTION (D) OF THIS SECTION, TO determine
29 Maryland adjusted gross income, if, on the last day of the taxable year, a resident is at
30 least 65 years old or is totally disabled or the resident's spouse is totally disabled, an
31 amount is subtracted from federal adjusted gross income equal to the lesser of:

32 (1) the cumulative or total annuity, pension, or endowment income from
33 an employee retirement system included in federal adjusted gross income; or

1 (2) the maximum annual benefit under the Social Security Act computed
2 under subsection (c) of this section, less any payment received as old age, survivors, or
3 disability benefits under the Social Security Act, the Railroad Retirement Act, or both.

4 (c) For purposes of subsection (b)(2) of this section, the Comptroller:

5 (1) shall determine the maximum annual benefit under the Social
6 Security Act allowed for an individual who retired at age 65 for the prior calendar
7 year; and

8 (2) may allow the subtraction to the nearest \$100.

9 (D) RETIREMENT INCOME THAT IS INCLUDED IN THE SUBTRACTION UNDER §
10 10-207(W) OF THIS SUBTITLE MAY NOT BE TAKEN INTO ACCOUNT FOR PURPOSES OF
11 THE SUBTRACTION UNDER THIS SECTION.

12 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
13 July 1, 2004, and shall be applicable to all taxable years beginning after December 31,
14 2003.